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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SAN JOSE WATER COMPANY (U168W)
for an Order authorizing it to increase rates
charged for water service by \$34,928,000 or
12.22% in 2016, by \$9,954,000 or 3.11% in
2017, and by \$17,567,000 or 5.36% in 2018.

Application 15-01-002
(Filed January 5, 2015)

E-MAIL RULING REQUIRING UPDATES TESTIMONY FROM THE PARTIES

Dated June 2, 2015, at San Francisco, California.

/s/ S. PAT TSEN
S. Pat Tsen
Administrative Law Judge

From: Tsen, S. Pat

Sent: Tuesday, June 02, 2015 12:10 PM

To: Reynolds, John; 'mmattes@nossaman.com'; 'bobburkeat@gmail.com'; 'jean.coching1@gmail.com'; 'wes_owens@sjwater.com'; 'palle_jensen@sjwater.com'; Ungson, Chris; Tsen, S. Pat; Mogri, Tayeb K.; Tully, Tony

Cc: ALJ Docket Office; ALJ Process; ALJ_Support ID; ALJ STAR

Subject: A1501002 EMAIL RULING REQUIRING UPDATES TESTIMONY FROM THE PARTIES

This ruling requires an immediate up-date as described herein to all served testimony that contains sales forecasts.

In Resolution W – 5041 (Resolution) the Commission implemented the Governor's Executive Order (B – 29 – 15) and the emergency water use regulations adopted by the State Water Resources Board (Water Board) on May 5, 2015. The Resolution ordered all class A and class B water utilities to implement a statewide 25% reduction in water usage relative to 2013 usage levels. Included in the Resolution is a requirement to "develop rate structures and other pricing mechanisms, including surcharges, fees, penalties, or other mechanisms, to maximize 25% water conservation." Pursuant to the Water Board regulations, San Jose Water Company must achieve mandatory reductions of 20 percent relative to its water consumption in 2013.

Although there will no doubt be subsequent specific implementation steps taken by the Commission to implement the governor's Executive Order, it seems prudent and efficient to anticipate the rate setting impacts on this proceeding.

Given that we are about to go to hearing on San Jose Water's general rate case on June 15, 2015, it would appear to be a perfect opportunity to recast all testimony about to be presented in order to reflect a 20% reduction from 2013 levels in water usage consistent with the requirements of both the Resolution and the Executive Order. This should be presented, if possible, in a manner consistent with the requirements in Section 2 "Mandatory Actions by Water Utilities" subsection e on page 4 of Resolution W – 5041. To the extent that any of the expense forecasts have a direct linkage to the reduction in water usage, for example purchased water, these expense forecasts should be adjusted accordingly.

Since the duration of the executive order is set to expire February, 2016, parties are directed to use usage rebound figures from the 1987-1992 drought to forecast the remainder of the GRC period.

This requirement is limited to only the first portion of the mandate: "to develop rate structures and other pricing mechanisms" and we will not address the more complicated aspects of "surcharges, fees, penalties, or other mechanisms." These latter requirements are being addressed by the requirement in the related Resolution W-4976 that water utilities file Tier 2 advice letters to add or activate Schedule 14.1, Water Shortage Contingency Plan, in their tariffs.

If San Jose Water or any other party believes that this ruling would in any way require further examination of the Water Revenue Adjustment Mechanism currently in effect, they should

provide supplemental testimony that specifically identifies their concerns. Parties may raise any other issues of concern as well, however this is not an opportunity to delay the proceeding in any way or to alter the scope beyond the effect of assuming a 20% reduction in water usage.

Any portions of the previously served testimony that is revised as a result of this ruling, should be served and clearly labeled as a revision. Additionally, these changes should be highlighted in some fashion, by underlining, highlighting, or by strikethrough and replacement, to efficiently indicate where the changes have been made. Assumptions and calculations should be clearly disclosed and documented.

I therefore rule that these revisions to sales forecast, expenses, and any other supplemental testimony relevant to the initiation of the Governor's Executive Order must be served by close of business on June 10, 2015.

The Docket Office will file this email ruling in the proceeding's formal file.

S. Pat Tsen
Administrative Law Judge
California Public Utilities Commission